

HISPANIC-OWNED BUSINESS AND THE SBA

The U.S. Small Business Administration has launched a wide-ranging outreach initiative designed to sharply increase the amount of financing, technical assistance and government contracting opportunities available to America's new markets - particularly minority and women entrepreneurs. This is the most rapidly growing segment of the business community and represents economic strength of our nation into the 21st century.

- According to SBA's Office of Advocacy, the number of businesses owned by Hispanics grew by 232 percent between 1987 and 1997, to a total of 1.4 million businesses. Revenues grew during the same period by 417 percent to \$184 billion.
- Despite the higher growth rates, however, minorities remain under-represented in the ranks of business owners. Hispanics make up 10.9 percent of America's total population, yet they own only 4.5 percent of all businesses, according to the U.S. Census Bureau.

With its wide variety of flexible and responsible economic development tools, SBA is suitably positioned to promote business creation and expansion in this market. By helping one business at a time, SBA's programs have a profound and empowering effect on local economies, communities and the lives of individual citizens.

SBA Administrator Aida Alvarez has set aggressive three-year lending and outreach goals for financing business formation and job creation in the Hispanic business sector. She has committed the agency to an ambitious and creative program to deliver the message of economic empowerment to a much wider audience and give that audience access to the capital tools necessary to finance success.

- Since FY 1992, SBA-backed loans under the 7(a), 504 and Microloan loan programs to Hispanics have nearly tripled, from 1,356 loans worth \$285.7 million in FY 1992 to 3,982 loans worth more than \$751 million in FY 1999.
- Since FY 1992, the SBA has backed 24,769 loans worth more than \$4.22 billion in loans to Hispanic-owned businesses. That includes 3,982 loans worth \$751 million in FY 1999, a 19.4 percent increase in dollars and a 15.5 percent increase in the number of loans over FY 1998.
- SBA's venture capital program has provided almost \$86 million in financing to Hispanic-owned small businesses over the past three years (FY1997-99).
- In FY 2000, SBA hopes to more than three times the number and dollar amount of loans to Hispanic-owned businesses than were made in FY 1992.

SBA will achieve its goals by working in partnership with a variety of major business and civic associations and local community groups. These partnerships are based on formal agreements that will help SBA more effectively reach business owners in minority communities with information about SBA programs.

SBA also has taken steps to ensure that small businesses get a fair share of the nearly \$200 billion that the federal government spends every year buying goods and services. In the SBA's 8(a) Minority Enterprise Development Program, fully one quarter of the 5,830 participating businesses are owned by Hispanics. They received more than \$1.3 billion in contracts under the program in FY 1998, about 25 percent of the total.

- President Clinton has increased the goal for small business' share of government contracting from 20 to 23%.
- Administrator Alvarez is working with other federal agencies to increase women's share from 2.2% to 5% and minorities' share from 5% to 6.6%.
- SBA has strengthened and improved its 8(a) business development program to make it easier for federal agencies to contract with qualified small disadvantaged firms. The companies can now team with each other to work on larger government contracts, and also form mentor/protégé relationships.
- SBA has registered more than 1,000 companies in its HUBZones program, which provides contracting incentives favorable to companies located in one of 8,000 designated HUBZones across the country. HUBZones stands for Historically Underutilized Business Zones.
- SBA has made it easier for agencies to find qualified women and minority-owned firms, with an Internet based listing of firms called PRO-Net.
- SBA and the Big Three US automakers, Ford, GM and Chrysler, signed an agreement to help minority subcontractors get a bigger share of this important private sector contracting market.